

State of Utah

Department of Natural Resources

ROBERT L. MORGAN Executive Director

Division of Oil, Gas & Mining

LOWELL P. BRAXTON
Division Director

OLENE S. WALKER

GAYLE F. McKEACHNIE
Lieutenant Governor

August 10, 2004

Mickey Schott Geokinetics, Incorporated One Riverway, Suite 2100 Houston, Texas 77056

Subject: Second Notice - Delinquent Permit Fees, Further Mining is
Suspended - Enforcement Rules in Effect, Minerals Regulatory
Program

Dear Mr. Schott:

Our records indicate that we have not received your annual permit fee payment(s) for the 2004 fiscal year, which was due on or before July 30, 2004 (see R647-2-101.6, R647-3-1-1.7, and R647-4-101.5). Non-payment of permit fees suspends an operator's authorization to conduct exploration or mining operations until the permit fees have been received by this office. THEREFORE, YOUR AUTHORIZATION TO CONDUCT EXPLORATION OR MINING ACTIVITIES IS HEREBY SUSPENDED, UNTIL THIS BILLING REQUIREMENT IS RESOLVED. Please note that the payment of permit fees is required until the site has been formally released by the division.

You have previously been informed that effective June 1, 2004, Inspection and Enforcement Rules were implemented in the Minerals Regulatory Program, per a 2002 Legislative mandate. Before fully enforcing the rule for non payment of permit fees at this time, the Division will allow you until August 31, 2004 to pay the delinquent permit fees. If the delinquent permit fees are not received before August 31, 2004, the Enforcement Rules will be imposed and you will be issued a Notice of Violation and a fine could be assessed. If you are found mining at your site before the fee is paid, another Notice of Violation would be issued and a fine will be imposed. Please be advised that fines are assessed for each separate violation.

We have enclosed a "Delinquency Notice" along with this letter. Please return the bottom portion with your fee payment to ensure the money is posted to



Page 2 of 2 Second Notice 2004-2005 Permit Fees August 10, 2004

the correct account. Operations may resume upon our receipt of the required fees. If you have already sent in your payment, please accept our thanks and disregard this notice.

We hope to avoid taking any enforcement action regarding the fee payments. Please: 1) submit your payment by August 31, 2004; 2) check the box, if the site is fully reclaimed and revegetated; thereby requesting a site inspection; or 3) contact us immediately.

If you have any questions regarding this letter, please contact me at (801) 538-5325 or Joelle Burns at 538-5291. Your <u>immediate</u> attention to this matter is imperative.

Sincerely,

Daron R. Haddock Permit Supervisor

Minerals Regulatory Program

Haddock

DRH:jb

Enclosure: Delinquency Notice

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Olene .S. Walker Governor Robert L. Morgan Executive Director Lowell P. Braxton Division Director



1594 West North Temple, Suite 1210 PO Box 145801 Salt Lake City, Utah 84114-5801 801-538-5340 801-359-3940 (Fax) 801-538-7223 (TDD)

GEOKINETICS, INC ONE RIVERWAY, STE 2100 HOUSTON TX 77056

ATTENTION: MICKEY SCHOTT

DELINQUENCY NOTICE	Annual Permit Fees (July 2004 thru June 2005)			
PROJECT NAME	PROJECT ID	ACRES	BILLING DATE	
SEEP RIDGE PROJECT	M470002	13	06/29/2004	
PERMIT TYPE	PROJECT STATUS		ANNUAL EEE	
LARGE MINING OPERATION < 50 ACRES	INACTIVE		ANNUAL FEE	
			\$ 500	

DUE DATE	AMOUNT DUE	
07/30/2004	\$ 500	

Please see enclosed instructions for payment.

Please retain this portion for your records. For billing Information call (801) 538-5291

This portion MUST be returned with your payment to ensure proper credit. THANK YOU

GEOKINETICS			PROJECT NAME SEEP RIDGE PROJECT		PROJECT ID M470002
DUE DATE	ANNUAL FEE	AMOUNT DUE	FEE NOT ENCLOSED	Change of Address Contact	
07/30/2004		\$ 500	Permittee requests an inspection to close		
TAX ID OR SOCIAL SECURITY #			out this permit.	Address	
		GAS AND MINI	_	E-mail addres	s
РО	BOX 145801	UT 84114-58		State Phone	Zip

Please make check payable to:
Division of Oil, Gas and Mining